ATTACHMENT A

The FCC's Newspaper-Broadcast Cross-Ownership Rule: An Analysis

by Douglas Gomery

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Introduction

In 1975 the Federal Communications Commission initiated the newspaper-broadcast cross-ownership rule, which bars a single company from owning a newspaper and a broadcast station in the same market. The purpose of the rule is to prevent any single corporate entity from becoming too powerful a single voice within a community, and thus the rule seeks to maximize diversity under the conditions dictated by the marketplace. The cross-ownership ban does not prevent a newspaper from owning a broadcast station in another market, and indeed many large newspapers — such as the *New York Times* and the *Washington Post* — own and operate broadcast stations outside their flagship cities (Compaine and Gomery 2000).

Media organizations have largely opposed the rule since its inception, and their prospects for eliminating or limiting it brightened in 1996, when the new Telecommunications Act directed the FCC to continually review all ownership rules. On September 13, 2001, the commission initiated a review of the newspaper-broadcast cross-ownership ban, asking, among other questions, whether the rule continues to be necessary to protect a diversity of viewpoints, whether the Internet and other "new media" have had an impact on the sources of news and information available, and whether joint operation of a newspaper and a broadcast station yield efficiencies and synergies that have public benefits.

Changes in the telecommunications marketplace over the last quarter century, rather than diminishing the usefulness of the newspaper-broadcast cross-ownership rule, have made it more important than ever.

- Since 1975 the number of media outlets has indeed increased, but at the same time, ownership has become more concentrated, and today there is less diversity of opinion — and less diversity of news sources — than in 1975.
- The increased market power of a sharply declining number of corporate voices has led to negative externalities as well, with media conglomerates stressing profit maximization over concerns of localism and diversity.
- There are synergies between broadcast television and newspaper ownership that are not in the public interest. A local television station owned by a newspaper can simply televise a

summary of the paper's content, offering no benefits to the consumer, yet it will still be able to dominate the local political and cultural discourse.

Profit maximization has never been the sole point of U.S. communications policy. Under the Communications Act of 1934, the FCC is charged with allocating spectrum space to maximize "the public interest, convenience, or necessity." The Communications Act and its revisions mandate promotion of the public interest, and thus the encouragement of a diversity of voices so as to promote a vibrant democracy. How best can the commission achieve these goals within the confines of the marketplace?

To this end, we need to abandon the pure free market economic approach that assumes that profit maximization is the paramount goal of a media enterprise. Newspapers and broadcasters are not simple firms reducible to profit-generating equations but rather are large, complex social, cultural, and political institutions, and they need to be analyzed through an institutional economic model that takes into account externalities, both positive and negative, that have an impact on the public welfare.

The newspaper-broadcast cross-ownership rule helps to keep at bay the failure of the marketplace to ensure a variety of voices in news and entertainment. It is as relevant and important now as ever, perhaps more so, and must be retained.

The remainder of this study analyzes the recent history and current status of newspaper and broadcast ownership and concentration, and then goes on to examine the negative implications for the public interest of lifting the ban.

Today's newspaper monopolies

The market power of newspaper monopolies has grown since the cross-ownership ban went into effect in 1975, as dozens of newspapers have gone out of business. While in the 1920s more than 500 cities and towns had two or more competing newspapers — including about 100 cities that had three or more — today only about a half dozen communities have a least two newspapers, and those tend to operate under joint agreements allowed under the Newspaper Preservation Act. The act, which President Nixon signed into law in 1970, enables the Justice Department to make antitrust exemptions so two newspapers can combine non-editorial functions and, through the reduced costs, preserve two voices in the community. That the act has survived more than three deregulatory decades demonstrates the continuing importance representative democracy places on multiple newspaper voices (Busterna and Picard 1993; Picard, Winter, McCombs, and Lacy 1998).

For newspapers under joint agreements only the editorial units are separate; all other portions of the companies, including printing, advertising, and delivery, operate jointly. The economies of scale of such combinations help to keep the second newspaper in business. Yet despite this congressionally approved effort to keep a second newspaper voice alive, the local newspaper business is less competitive than ever.

Newspaper companies have been able to maintain their monopoly positions through effective barriers to entry: high first-copy costs, no true substitutes, and a highly differentiated product (Picard, Winter, McCombs, and Lacy 1988). Indeed, the monopoly of newspapers is so secure that there has not been a hostile takeover since 1976, when the Newhouse family's privately owned Advance Publications went after Booth Newspapers, owner of a Midwest newspaper chain. Booth initially resisted, but sold for $300 million. Most newspaper companies are takeover proof, and if acquired are done so through friendly deals. Thus, profits remain high, and secure.

While advertising revenues are down, and single copy costs are rising, the heads of 12 publicly held newspaper companies in 2000 took home an average of $3.6 million in salary, bonuses, and other compensation. And despite their downplaying of their future prospects, a study by the *American Journalism Review* found almost all of these companies experienced double-digit growth in earnings in the year 2000. The average operating profit margin was reported to be in excess of 22%, as high as it has ever been (Shepard 2001).

Still, newspaper owners want more — the elimination of the cross-ownership rule. They call for a "level playing field" alongside other media companies, yet maintain high barriers to entry in their own industry. Just ask any former working reporter or editor: they argue, from their experience over the past 25 years, that monopoly newspapers have sacrificed the value of serving the public interest and have focused solely on profit maximization. Community service has given way to corporate profit centers (Compaine and Gomery 2000; Halonen 2001; Squires 1994[1]). After failing to increase profits with investments in the Internet, newspaper owners seek to merge with a local broadcast television station, lay off redundant reporters, editors, and other staff, and add even more to their bottom line (Fahri 2001).

This monopoly situation produces a newspaper aimed not at the whole community but at an audience valued by advertisers, who provide three-quarters of newspaper revenues. Advertisers seek to reach not necessarily a broad audience but rather targeted audiences who might purchase their products or services. Thus, the poor and the elderly, who are of less interest to advertisers, are also likely to be of little interest to profit-maximizing newspapers. While niche newspapers do reach targeted audiences, they differ from the broad-based, dominant monopoly newspapers that set the political, social, and cultural agenda of the community. This monopoly power endangers democracy, and merger with a local broadcast television station would endanger democracy further.

The current broadcast television oligopoly

The market power of broadcast television, while not a pure monopoly like a sole local newspaper, is a still powerful oligopoly. Nearly 50 years ago the FCC allocated a system of local broadcast TV stations, and while cable TV and direct broadcast satellite (DBS) have made inroads, most people still watch local television stations, however they are delivered. Apart from cable-only local news services found only in the top-25 markets, broadcast stations also offer the only local news in most markets. Thus, owning a local television station is a path to power and profit. Because most stations are owned by chains, it is difficult to calculate precise profits, though rare is the case where they lose money; more frequently TV station profit margins range between 10% and 30% (Compaine and Gomery 2000).

While overall audience levels have declined, programming offered by affiliates of NBC, CBS, ABC, and Fox still accounts for about half of all television viewing. And these affiliates

[1] Squires is just one of many editors and reporters who entered the newspaper business when most communities had at least one morning and one evening newspaper, and thus offered alternative competing voices. Universally, these journalists argue for a return to competing local media — both newspapers and television.

are the local news broadcasters of record. Cable news services — local or national — celebrate when they obtain shares of the audience above 2%. The so-called dinosaur nightly news programs — local and national — consistently draw audiences five times that size.

Overall network, spot, and local advertising total in the billions of dollars a year. Television is still the medium that citizens watch and use more than any other. While its news coverage cannot match that of a top major newspaper, its summaries are powerful, local, and agenda setting (Compaine and Gomery 2000).

For newspapers, local stations remain tempting targets. It is not the news media that has proven profitable; rather, it is broadcast television. So, not surprisingly, after trying to extend themselves into the Internet and local all-news channels, the monopoly newspaper owners want to own local TV stations. Yet a contradiction exists. If monopoly newspapers are in dire straits, how will they raise the hundred of millions of dollars necessary to buy top-market stations? The answer: as any financial institution knows, it is nearly impossible to lose money owning a local television station, and there will be cost cutting from scale economies with news reporting. On that known collateral, a local television station and a local monopoly newspaper could find funds to finance any permitted deal. Financial institutions are conservative; they are willing to put up the funds because they know the merger will make greater profits.

Yet profit maximization has never been the sole point of communications policy in the United States. Under the Communications Act of 1934 (and its 1927 predecessor and its 1996 successor), the FCC is charged with making effective use of spectrum space by means of allocation to broadcasting and other services. This allocation is performed to maximize “the public interest, convenience, or necessity.” Though expressed in different ways over the years, the FCC has clearly held that the “best” broadcast station is locally owned and operated. Such ownership was deemed in the public interest, as it would presumably be closer to local needs and concerns, and thus the station would more adequately reflect and project that community than some absentee-owned operation or central network. Such a policy strongly affected such basic decisions as television allocations, as begun with the 1952 Sixth Report and Order, which expressed the need to provide as many local TV channels as possible. This “public service obligation” remained in the 1996 Telecommunications Act even as that deregulatory law eliminated the long-standing restrictions on broadcast network ownership of cable systems. (Earlier FCC rule making, congressional action, and the 1996 Telecommunications Act removed restrictions on the acquisition or creation of cable systems by telephone companies.) The 1996 act removed the numeric cap on the number of stations a broadcast network could own, replacing it with language that an individual, company, or corporation could own broadcast television stations that reached up to 35% of households in the United States (UHF stations counted half their actual reach for this limitation calculation). The act also removed the long-standing ban on joint radio-broadcast TV ownership in the same market. As the commission interpreted the 1996 act, it extended broadcast licenses to eight years to facilitate competition; under previous rules, TV stations had to renew their broadcast licenses every five years. The reasoning was that the lengthened license term would reduce the burden on broadcasters, and allow the competitive marketplace to operate more efficiently (Aufderheide 1999).

But Congress did not eliminate the cross-ownership rule in 1996 because it recognized the rule's value. There was debate on deleting the rule in the years leading up to the 1996 act, but legislators knew of the importance that the two media offered in local communities, and did not want to decrease the voices available in political debate (Aufderheide 1999).

Potential impact for news coverage

The synergies between broadcast television and newspaper ownership have been apparent for a generation. As quintessential profit maximizer and newspaper ace monopolist Al Neuharth stated in his autobiography, "The synergies between...our conventional newspaper operations and broadcast [television] operations [are] obvious." By 1986, Gannett owned eight TV stations in markets where it did not operate newspapers. Neuharth revealed that, if he could acquire television stations in markets where Gannett already owned a monopoly newspaper, he expected profits to grow further (Neuharth 1989).

Only the FCC's newspaper-broadcast cross-ownership rule prevented that combination, and thus more voices have continued to be heard in Gannett newspaper monopoly cities and towns. Neuharth was brutally honest in his autobiography; usually existing grandfathered local newspaper and broadcast television owners herald any extra coverage their civic duty, not an exception to limited daily coverage. They want to thought of as “benevolent” monopolies.

A local television station owned by a newspaper could simply televise a summary of the paper’s content. There is no advantage to the public of having a TV station repeat the contents of a monopoly newspaper. Indeed, citizens have access to this summary already — through an Internet site. In the late 1990s monopoly newspapers started Internet sites under their brand names, but none has made a profit. Thus, to grow their already profitable companies, the owners of monopoly newspapers are looking for a proven method to gain more profit, not a means to serve the public interest or add diversity to the voices of expression locally. Owning a local television station offers the best option.

Eliminating the cross-ownership rule will have profoundly negative implications for the public interest. If the rule were to be dropped, the emergence of unregulated local media gatekeepers, the newspaper-TV combinations, would be able to dominate the local political and cultural discourse and thus seriously challenge the rights of individuals in a free society to speak and receive all manner of communications. A study of the Zanesville, Ohio media market, where the only newspaper, radio station, and television station were, in the early 1970s, under the same ownership, found that residents of Zanesville used the news media less, and were less well informed, than residents of similarly sized cities with more media outlets. Since then, grandfathered companies have tread lightly by not covering important issues, rather than overtly abusing their privileged status (Stempel 1973).

Yet conflicts of interest can and do arise. Milwaukee’s Journal Communications, owner of the *Journal-Sentinel* newspaper and the local NBC affiliate WTMJ-TV and radio station, became a cheerleader for a new baseball stadium to be paid for by the taxpayers. Not only did publisher Robert Kahlor chair the governor’s stadium commission, but reportedly Kahlor spent $25,000 of corporate monies lobbying state lawmakers. The WTMJ stations carry the Brewers baseball games (McConnell 2001).

The cross-ownership rule at least constrains these monopolists, and offers a measure of a robust marketplace of ideas essential for a democracy. Newspaper companies cannot assemble, as they wish to do now, a strong position in local television, nor simultaneous control over a community or town's cable system or radio station.

Since newspapers have had their chance to participate in the new electronic world of the Internet, and failed by their own criterion (profit maximization), the policy question reduces to: should the FCC relax the newspaper-broadcast cross-ownership rule so the monopoly newspaper can take over a local television station simply to provide its corporate owners with a new profit center? From the point of view of the public interest, the answer should be no.

No real world technological transformation

It has long been expected that television and the Internet would merge. As millions began to use the Internet on a regular basis at home, television station entrepreneurs sought to introduce technologies to offer the Internet through television sets, set-top boxes, and programs such as WebTV.

But this long-promised convergence has not come to pass, and broadcast TV continues to be the most used news and entertainment system, the basic fare most Americans watch most of the time. Cable TV channels appeal to niche fans, and the Internet serves a supplement.

The “assumption” that television has changed is just that — an assumption. The pressure to merge local television stations and newspapers is pure greed. Both local television stations and newspapers today are quite profitable, and so there is no reason to change the rule.

The basis of the rule is as valid in today’s media marketplace as it was when the rule was implemented in 1975. The rule has been an important safeguard ensuring the public's First Amendment rights. The rationale for the rule is provide for a maximum diverse media marketplace of ideas, essential for a democracy. The rule has helped maximize the number of local voices. The local broadcast TV business is doing just fine; adding more newspaper owners will not help.

Media conglomerates

When a newspaper and a broadcast television station are under a single operation, it is often as part of a media conglomerate with many other interests as well. This structure constrains reporting, as the conglomerate ignores and does not send out information that may have a negative impact on the conglomerate’s other interests. Because news is but one product of many media conglomerate corporate activities, the temptation is to maximize profit— and avoid embarrassing or constraining profit potential. Here, abuse lies in what is not seen and heard. Thus, the combination of a local monopoly newspaper and a local television broadcast station will be made even worse if the companies become, as is likely, part of a media conglomerate. When the big get bigger, there is a loss of diversity and a dampening of a multitude of voices (Picard, Winter, McCombs, and Lacy 1988).

Behind today's seeming plethora of television choices are five conglomerates: Disney (which owns ABC), Viacom (CBS and the United Paramount Network), AOL Time Warner (The WB), News Corporation (Fox), and General Electric (NBC). Moreover, the world of cable is worse than the three-network world of the 1970s. Then there were three choices; now the single local cable provider chooses which channels we can watch. Profit is the lone criterion for cable company judgment.

But what about all those cable networks? The BETs, the TNNs, the MTVs? Most are owned in part (or completely) by one of the major media conglomerates. The cable powers — led by AOL Time Warner — take the tack that owning the franchises guarantees their networks favorable treatment. Thus, we ought not be surprised to learn from the National Cable Television Association's list of the "Top Cable Networks" that media conglomerates own most services. For example, Fox alone now owns and affiliates with more than 200 television stations across the United States, but also programs FX, Fox News, and a plethora of regional sports networks.

In December 2001 EchoStar signed a deal to purchase DirecTV, and if the deal survives regulatory muster then consumers may have just one choice in DBS. This proposed and other future mergers will seek greater profits. Locally, a media conglomerate that owns a local television station would love to also own the dominant local newspaper, if only to cross-promote broadcast and cable TV interests. Such a merger could be of great help to the owners of the conglomerate, but would offer even less diversity to the viewer. Such a situation, if permitted, would reduce the First Amendment rights of viewers and citizens to that of mere consumers and spectators. That would be a dangerous precedent for democracy, permitting a handful of companies that control the production and distribution of news, entertainment, and ideas to become further consolidated.

Newspapers and broadcasters provide different functions in the civic discourse. Allowing cross-ownership will undermine the marketplace of ideas by weakening the institutions that provide in-depth analysis, opinion, and investigative reporting, and will threaten the unique institutional motivation and perspective that newspapers bring to public debate. The basic principle embodied in the current rule seeks to fuel political participation and debate about policy, social norms, cultural values, individual aspirations, and community needs in society. This principle will be jeopardized if broadcasters are allowed to own, or be owned by, a newspaper in the same community.

Ultimately, each component of the media system — newspapers, broadcast networks, cable, satellite, and the Internet — provides a distinct product of news, information, and analysis, and each has its own institutional framework, geographic orientation, and relationship with the user. Thus, far from being homogenous or interchangeable media outlets, the various print and electronic media organizations currently have distinct roles in informing and engaging citizens. These distinctions will be undermined if the cross-ownership rule is relaxed (Compaine and Gomery 2000).

Why help fewer, more powerful media owners?

In the FCC's order and notice of proposed rulemaking regarding broadcasting-newspaper cross-ownership, the commission recognized that, while the number of media outlets has grown, concentration of ownership has increased as well. Moreover, it acknowledged that this growth has coincided with the relaxation of media ownership rules, such as the national TV ownership limit and local radio ownership rules. For example, in 1975 a single entity could not own more than 14 radio stations nationwide, while today one entity owns more than 1,000 stations. Since the enactment of the Telecommunications Act of 1996, the number of owners of commercial radio stations declined from approximately 5,100 to approximately 3,800, a decrease of 25%[2]

[2] In the period before passage of the Telecommunications Act of 1996, when companies were prohibited from owning more than one radio station in a market, cross-ownership of a same-market newspaper and radio station would not have posed a major threat in terms of monopolizing opinion. But with the concentration of radio station ownership within markets since 1996, relaxing newspaper-radio cross-ownership would now pose a significant threat to the diversity of voices.

(Compaine and Gomery 2000).

Similarly, since 1995 the number of entities owning commercial TV stations has dropped by 40%. Newspaper ownership has rapidly consolidated as well. For example, Gannett, after a multi-billion dollar spate of acquisitions in 2000, grew from 74 daily newspapers to 99, and it operates as a local monopoly in each of these markets. Gannett now produces one out of every seven newspapers sold in the United States. Three huge chains, Gannett, Knight Ridder, and the Tribune Company, together account for a quarter of all the daily newspaper circulation in the nation (Compaine and Gomery 2000).

Two detailed studies attached to the comments provided the FCC by the Office of Communications Inc. of the United Church of Christ, the National Organization for Women, and the Media Alliance, filed December 3, 2001, show in great detail that for local radio markets there are now more stations on the air but they are owned by fewer parties, meaning a decrease in voices. Their study of local television ownership and market concentration shows the same trend for broadcast television. It also shows that, despite cable TV and DBS competition, the major affiliated broadcast television stations still hold the major share of viewers, and are far more powerful and influential than an Internet news site or any other new technological outlet. The vast majority of media users get their news from newspapers and broadcast television stations. And, indeed, many of the supposedly “new” outlets for news are already owned by newspapers and broadcast television stations.

In summary, media conglomeration has made the conditions that led to the enactment of the 1975 cross-ownership rule worse today than they were then, making it even more important that the rule be maintained. Why should public policy help already well-off, profitable monopolies, oligopolies, and conglomerates merge further?

Maximizing the public interest

The Communications Act and its revisions continue to demand promotion of the public interest, and thus maximize a diversity of voices so as to promote a vibrant democracy. How best can the commission achieve these goals?

In addressing this question, we need to recognize that in the newspaper and television industries there are market failures. How should one go about trying to make policies to correct market failures? A particularly important issue in this regard is how to fashion the most diverse ownership of the mass media. How should we make sure that the stated policy of safeguarding the public interest is ensured?

We need to abandon a pure free market economic approach as the sole method of analysis. That neo-classical economics approach assumes that efficient operation and profit maximization represent the paramount goal — and often the only goal — of any media enterprise, even ones so vital to democracy and quality of life as mass communication and mass entertainment. Studying the economics of mass communication as a homogeneous good or service assumes away the important roles played by the media in society and public life. We need to abandon this narrow perspective, which sees no reasons for any government intervention.

Citizens recognize media externalities. Minorities ask for more diverse ownership. Critics from all sides have long sought a forum for local expression. To this end, an institutional economic model, rather than a neo-classical free market model, offers a better approach.

If we are to move past efficiency as the sole criterion of proper policy, we must begin by recognizing that newspapers and broadcasters are not simple firms reducible to equations but large complex social, cultural, and political institutions. When the Communications Act grants owners an exclusive broadcasting monopoly, it generates ramifications not only in economic terms but also in social, cultural, and political terms.

The importance of externalities is carefully laid out in James Hamilton's *Channeling Violence* (1998). Looking solely at the market for television violence, he sees a market failure whereby costs spill over to members of society and are not born by the industry. He compares this situation with environmental pollution —a firm that generates hazardous waste does not incorporate the full costs to society of its corporate decisions when it fails to calculate its spillover effects into the costs of producing, marketing, and distributing its product to the public. A means needs to be created so the polluting corporation internalizes all costs, corporate and societal (Hamilton 1998).

Externalities, both positive and negative, need to be considered in any policy analysis.

Hamilton notes that one way to reduce damages from violence on television would be to use the licensing system. Programmers use violence as part of their profit-seeking activity, and Hamilton argues for the need for media firms to internalize their negative externalities. We also can seek to diversify the mass media, and the cross-ownership rule furthers this goal (Hamilton 1998; Waldfogel 2001).

There are too many complexities in the real world to rely on an idealized neo-classical abstract economic model. We cannot assume away externalities. That is, from the beginning, we need to acknowledge that the history of institutions plays a vital role, and that institutional ownership matters. Institutions seek to protect their monopoly power. We need to acknowledge that, and seek public policies to encourage diversity and localism.

Neo-classical economics values efficiency above all. However, while free market economists focus only on this performance criterion, public policy analysts ought to weigh others. This is difficult, but just because it is difficult does not mean we can ignore the crucial roles of the mass media in democracy and mass culture — as if it offered just another homogeneous good or service (McQuail 1992).

Media industries ought to facilitate free speech and political discussion. A democracy needs freedom of expression to make it work, and the mass media ought to be open enough to promote debate of all points of view. The marketplace of ideas calls for criteria of accuracy and completeness, and these qualities must count in any definition of diversity. Public regulations must seek to create as many voices as possible, realizing how central various means of expression are to a robust democracy. This goal should not be considered secondary, but rather equal to efficiency as a criterion to maximize.

Should members of particular groups in society be shut out of the mass media industries, either as employees and managers or as consumers? For consumers, access is becoming more and more restrictive as a larger share of the mass media relies on direct payment for services. Television used to be considered free; now the vast majority of homes pay a monthly fee for access to cable TV or DBS. If television is an important link in a democracy, how will the process of government change when a sizable segment of the population lacks access to cable or DBS television? This issue strikes at the heart of the diversity question. Research by Joel

Waldfogel of the University of Pennsylvania's Wharton School suggests that minorities are better served by minority-owned media outlets, which contain more minority-oriented content. Waldfogel concludes that we should expect a reduction in targeted minority satisfaction if the rule is altered (Waldfogel 2001).

We can do better. Communication systems break down space and tie us together; but they also cause disconnections, paranoia, and social volatility. For instance, Robert Kuttner, in his book, *Everything for Sale* (1996), persuasively links the erosion of civic life through the 20th century with the agenda-setting power of the mass media in general and broadcast television in particular. For example, when the 1996 Telecommunications Act lifted ownership limits, localism and diversity disappeared so much that the Department of Justice stepped in to negotiate a case-by-case set of consent decrees to guarantee at least some diversity (Kuttner 1996).

Prior to the 1996 act, radio broadcasting was decentralized and considered competitive. That is, many stations offered closely competitive “products,” i.e. formats, particularly in major markets. Research showed that the average person tuned in to a score of stations — through button selections on the car radio — and might listen to several country stations, for example. Further, each substitutable station in the market sought to differentiate its on-air product in the mind in the listener by way of combinations of music, disc jockeys and personalities, and marketing tactics. There was diversity, albeit not perfect.

But with the relaxation of ownership rules in 1996, chains developed collections of radio stations numbering from the hundreds into the thousands. With this concentration of ownership, decisions of formats were made within the same group, and so the economics of competition disappeared in favor of classic oligopoly — particularly within bigger markets.

The Telecommunications Act of 1996 set off the greatest merger wave in history. In a telling metaphor Mel Karmazin, the founder of Infinity Broadcasting (which was acquired by CBS after the act’s passage), noted that “it's like combining two ocean-front properties.” He meant that the new firm would be not a quaint collection of rural stations in small towns but rather an empire with half a dozen to a dozen outlets in the biggest media markets. By the 21st century, what was once local and diverse radio had become an outlet of Clear Channel, CBS, or

ABC.

The 1996 Telecommunications Act for radio did not work, and its failure ought to alert us to the dangers of eliminating long-time ownership rules. The cross-ownership rule has worked. Its elimination would not be in the public's interest.

Conclusion

The elimination of the FCC's newspaper-broadcast cross-ownership rule would reduce an important set of voices in the media marketplace. The trend in the 1990s has been to merge media companies, and thus, while audiences see and hear a variety of new channels, these services are controlled by fewer and fewer owners. The increased market power of a sharply declining number of corporate voices has led to negative externalities as well, as the media conglomerates stress profit maximization over concerns of localism and diversity. The cross-ownership rule works to keep the outlets at the present number, and not decrease voices. Since the lone benefit of altering the rule will be more profits to the owners of existing media conglomerates, and more concentration of media, there seems to be no good basis for eliminating the ban.

Indeed, retaining the newspaper-broadcast cross-ownership rule is more important than ever. The need for these safeguards, created in the "old media" era, is as strong as ever, as long as the promised world of new media remains just that — a promise.

The public interest will not be served by eliminating the longstanding prohibition against common ownership of a newspaper and a TV station in the same community. We need to keep as many independent voices as possible in order to promote and preserve the nation's commitment to maintaining institutions and market forces that promote a robust democracy.

The cross-ownership rule is about maintaining the maximum number of major voices at the local level. We need as many voices as possible to cover local and state elections. We need many voices so that minorities are not shut out. More voices makes for a better democracy. The rule may have been created a generation ago, but it is more relevant and important than ever.

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